



**MINUTES FROM THE MEETING OF THE
PLANS MANAGEMENT BOARD
December 6, 2022**

A meeting of the Plans Management Board (the “Board”) was held on December 6, 2022, commencing at 10:00 a.m. Committee members and members of the public were able to participate using the provided dial-in information.

Board Members Represented or in Attendance:

Ms. Donna Vieira, Board Chair

Mr. Alan Colberg, Chair, Investment Committee (“IC”)

Mr. Pete Kennedy, Chair, Audit and Governance Committee (“AGC”)

Ms. Liza Davis, Deputy State Treasurer (on behalf of The Honorable Colleen C. Davis, State Treasurer)

The Honorable Trinidad Navarro, Insurance Commissioner

Ms. Kimberly Klein, Associate Secretary, Operations Support Department of Education (on behalf of Mr. Mark Holodick, Secretary of Education)

Mr. Dan Madrid, Deputy Director of Government Efficiency and Accountability Review (“GEAR”) (on behalf of Secretary Rick Geisenberger, Department of Finance)

Mr. Joel Coppadge, III, Public Member

Mr. Jason Hale, State Employee

Ms. Leighann Hinkle, State Employee

Members Absent:

Ms. Courtney Stewart, Deputy Director of the Office of Management and Budget (on behalf of Mr. Cerron Cade, Director of OMB)

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Mr. John Meyer, Director of Contributions and Plans Management, (“OST”)

Mr. Dan Kimmel, Promotion and Outreach Manager, OST

Ms. Deborah Bradl, Executive Assistant, OST

Mr. Carl Kanefsky, Director of Communications, OST

Mr. Jordan Seemans, Director of Policy & Communications, OST

Mr. Earle Allen, Principal Financial Advisor, CAPTRUST

Mr. Anthony Durkan, Director, Vice President, Head of 529 Relationship Management (“Fidelity”)

Ms. Kellie Desrosiers, Vice President, Strategic Relationship Management, Voya

Mr. Robert Scoglietti, Legislative Hall

CALLED TO ORDER

The meeting was called to order at 10:02 a.m.

APPROVAL OF MINUTES

A MOTION was made by Mr. Colberg and seconded by Ms. Davis to approve the minutes from the Board meeting on September 13, 2022.

MOTION ADOPTED UNANIMOUSLY

PRESENTATIONS

Quarterly Business Metric Report - Deferred Compensation Plans

Mr. Meyer presented the quarterly report on business metrics and plan information. Mr. Meyer stated that despite a challenging market in 2022, the plans attracted 256 new enrollments which represented modest growth over the third quarter of 2021. Third quarter contributions increased by approximately \$0.6 million from \$20.2 to \$20.8 million. Year to date contributions to the plan are on pace to exceed 2021 contributions. Consolidations into the plan decreased in the third quarter of 2022 at 175 versus 198 in 2021. As of September 30, 2022, plan assets were approximately \$972.5 million, not including 403(b) legacy vendor assets valued at approximately \$234.9 million. Employee engagements increased in the third quarter of 2022, up to 1,152 from 677 in the third quarter of 2021. Hardship withdrawals increased slightly in the third quarter of 2022, totaling 59 versus 52 in the third quarter of 2021. Mr. Meyer reviewed recent initiatives for the plans which included a promotion in October for Retirement Security Month, an enrollment mailing in November, and a fee reduction mailer in November.

Quarterly Business Metric Report - Education Savings Plan

Mr. Kimmel presented the 529 plan quarterly report on business metrics and plan information. Mr. Kimmel stated that new account growth in the third quarter of 2022 continues to reflect pre-covid trends for the plan and for the whole industry. The plan opened 444 new accounts in the third quarter of 2022 versus 450 in the third quarter of 2021. Of the new accounts, approximately 72 percent were opened by existing Fidelity customers. Approximately 53 percent of new accounts were opened for children under the age of five. Mr. Kimmel stated that total contributions for the quarter were down approximately \$0.7 million, from \$13.3 million to \$12.6 million. Assets under management decreased to \$595 million. This is due to market movement. Finally, distributions from the plan were flat for the quarter.

Mr. Kimmel informed the Board of some upcoming initiatives include the Series Fund Expansion, a direct mail to the new baby list from hospitals in the state, and promotion of the new state tax deduction. He also mentioned the sponsorship for the Delaware v. Delaware State Route 1 Rivalry football game which garnered exposure for the plan, participation in the Sea Witch parade, and the Apple Scapple Festival. Treasurer Davis presented the trophy to the winning team at the end of the football game. The Board also reviewed initial statistics on the First State, First Steps incentive pilot. The Board discussed continuing the pilot program through June 2023 to continue to evaluate effectiveness of pilot.

Quarterly Business Metric Report - ABLE Plan

Mr. Kanefsky presented the quarterly report on ABLE business metrics. The plan continues to experience growth. There were 268 funded accounts with approximately \$2.3 million in assets as of September 30, 2021. Mr. Kanefsky stated that net contributions totaled approximately \$822,000 in the third quarter of 2022.

Mr. Kanefsky informed the Board that the tax deduction is available to eligible participants in the plan. He informed the Board of an upcoming initiative which is the LIFE Conference in January 2023.

COMMITTEE REPORTS AND ACTION ITEMS

Discussion and Vote on Recommendation Regarding 2021 Plan Audits

Mr. Meyer updated the Board as to the status of the Plan audit reports and financial statements. Barbacane Thornton presented the audit reports and financial statements for the 2021 457(b) plan, 401(a) plan, 403(b) plan, and the 529 college investment plan. The AGC accepted the reports and financial statements for the plans.

A MOTION was made by Mr. Kennedy and seconded by Ms. Vieira to accept the audit reports for the 2021 457(b) plan, 401(a) plan, 403(b) plan, and the 529 college investment plan.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding MOU with Auditor's Office

Mr. Meyer presented an update on the Memorandum of Understanding ("MOU") between the Board and the Auditor of Accounts ("AOA"). The AGC discussed the MOU with AOA. The updated MOU outlined a rate of 10% to be assessed by AOA for work relating to the 2021 plan year audits. The MOU was negotiated between OST and AOA (Auditor McGuiness) in September 2022. The MOU was also discussed with AOA (Auditor Greenhouse) in November 2022. OST discussed with AOA (Auditor Greenhouse) the Board's interest in future legislation concerning the Board's role in the selection of external audit firms. OST will begin discussions with Auditor-Elect York in 2023 pertaining to an MOU for the 2022 plan year audits.

A MOTION was made by Mr. Kennedy and seconded by Mr. Madrid to approve the MOU with AOA for work relating to the 2021 plan year audits.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding Addition of T. Rowe Price Blue Chip Growth I to Watch List

Mr. Colberg led the discussion regarding the addition of T. Rowe Price Blue Chip Growth I to the watch list. He stated that CAPTRUST recommended the T. Rowe Price Blue Chip Growth I Fund be added to the watch list. The fund is available to deferred compensation plan participants. The IC discussed the fund and voted to recommend that the fund be placed on watch. The IC will continue to monitor the fund's performance, speak with the fund's management at an upcoming meeting, and consider possible replacement funds.

A MOTION was made by Mr. Colberg and seconded by Mr. Coppadge to place T. Rowe Price Blue Chip Growth I fund on watch.

MOTION ADOPTED UNANIMOUSLY

Discussion and Vote on Recommendation Regarding Fidelity Series Fund Expansion

Mr. Meyer stated that Fidelity proposed adding two new Series Funds as building block investment options within the 529 plan. Fidelity's portfolio management team identified two strategies (Small Cap Core and Select International Small Cap) designed to provide additional diversification. CAPTRUST and the IC reviewed the proposal and recommended the expansion. The Board discussed the recommendation.

**A MOTION was made by Mr. Colberg and seconded by Ms. Vieira to approve the Fidelity Series Fund Expansion.
MOTION ADOPTED UNANIMOUSLY**

2022 Plans Administrative Budget Update

Mr. Meyer updated the Board on the 2022 plan administrative budget. The budget was approved by the Board at the March 2022 meeting for the deferred compensation and college investment plans. For the year, administrative fee revenue collected has been impacted due to market performance. Through November 2022, the plans have operated within overall budget expense parameters. No Board action was required.

Discussion on 2023 Plans Management Board Meeting Schedule

Mr. Meyer informed the Board of the 2023 meeting schedule for the Board and its committees. OST will circulate the meeting invites to members. No Board action was required.

Update on Delaware EARNs

Mr. Seemans provided the Board with an update on Delaware EARNs. Mr. Seemans noted the Delaware EARNs Board had two meetings, has developed three standing committees, and will be posting for the Executive Director position. He also stated an RFP for a program consultant was recently released. Finally, Mr. Seemans noted upcoming items for the EARNs Board are budget development and program design.

PUBLIC COMMENT

None

NEXT MEETING

The next meeting of the AGC is scheduled for February 7, 2023.

The next meeting of the IC is scheduled for February 14, 2023.

The next meeting of the Board is scheduled for March 7, 2023.

ADJOURNMENT

Ms. Vieira adjourned the meeting of the Board at 12:00 p.m.

Respectfully submitted,

Donna Vieira
Chair for the Plans Management Board